

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LETCHER COUNTY	)	
WATER AND SEWER DISTRICT FOR A	)	
CERTIFICATE OF PUBLIC CONVENIENCE AND	)	CASE NO.
NECESSITY TO CONSTRUCT, FINANCE, AND	)	2005-00227
INCREASE RATES PURSUANT TO KRS 278.023	)	

O R D E R

On June 16, 2005, Letcher County Water and Sewer District (“Letcher Water”) submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$4,129,000 waterworks improvement project. This project consists of the installation of approximately 28 miles of water mains, a booster pumping station, a 250,000-gallon water storage tank, and related appurtenances to provide service to approximately 381 new customers. Project funding consists of a \$830,000 loan from the U.S. Department of Agriculture’s Rural Development (“RD”), a \$900,000 grant from RD, a \$500,000 grant from the Appalachian Regional Commission, a Community Development Block grant in the amount of \$939,000, and an Abandoned Mine Land grant in the amount of \$960,000.

Letcher Water’s application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory

completion of the minimum filing requirements. Given that minimum filing requirements were met in the case on June 16, 2005, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Letcher Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Letcher Water's proposed plan of financing with RD is accepted.

3. Letcher Water is authorized to enter into an agreement with RD to borrow \$830,000 at an interest rate not to exceed 4.50 percent per annum.

4. The proceeds from the loan agreement with RD shall be used only for the purposes specified in Letcher Water's application.

5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Letcher Water may use such surplus to construct an additional plant facility if RD approves of the use and the additional construction will not result in a change in Letcher Water's rates for service. Letcher Water shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Letcher Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

7. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

8. Within 30 days of the date of this Order, Letcher Water shall file with the Commission its revised tariffs setting out the rates approved herein.

9. Letcher Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

10. Three years from the effective date of this Order, Letcher Water shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 13<sup>th</sup> day of July, 2005.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2005-00227 DATED July 13, 2005

The following rates and charges are prescribed for the customers in the area served by Letcher County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First	2,000 gallons	\$ 22.00	Minimum bill
Over	2,000 gallons	6.00	per 1,000 gallons